



183890

NETWORK FOR NEW ENERGY CHOICES
A new world of energy choices...is in our power!

January 19, 2007

The Hon. Charles L. A. Terreni
Chief Clerk and Administrator
Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, South Carolina 29211

RECEIVED
2007 JAN 22 AM 8:26
PUBLIC SERVICE
COMMISSION

Re: Docket No. 2005-385-E – Comments in Support of Net Metering

Dear Mr. Terreni,

I am filing the following written comments to you in accordance with Docket No. 2005-385-E on the consideration of implementing the requirements of Section 1251 (Net Metering and Additional Standards) of the Energy Policy Act of 2005.

Sincerely,

James Rose
Research Director
james@newenergychoices.org

Enclosures

Note: 10 copies of this notice will follow by U.S. Mail

www.newenergychoices.org

**BEFORE THE PUBLIC SERVICE
COMMISSION OF SOUTH CAROLINA**

Petition of the Office of Regulatory)
Staff to Establish Dockets to Consider)
Implementing the Requirements of)
Section 1251 (Net Metering and)
Additional Standards) of the Energy)
Policy Act of 2005)

Docket No. 2005-385-E

RECEIVED
2007 JAN 22 AM 8:26
SC PUBLIC SERVICE
COMMISSION

Comments of James Rose, Network for New Energy Choices (NNEC)

The Network for New Energy Choices (NNEC) is a New York-based non-profit organization committed to providing state and local governments with ideas and information to help finance community-based clean energy, dispel misinformation about renewable resources and advocate utility policy reforms that create new energy choices for all Americans.

In November 2006, the NNEC released the report *Freeing the Grid: How Effective State Net Metering Laws Can Revolutionize U.S. Energy Policy* (enclosed). By analyzing the evolution (and performance) of effective and ineffective state net metering programs, NNEC has identified pitfalls in the rulemaking process and ways to overcome them. Part I of my comments will focus on the "best practices" of New Jersey, which our analysis found to be the top state net metering program in the nation. Part II will address unwarranted utility concerns that have tended to discourage net metering in states with ineffective programs.

Introduction

South Carolina is in a unique situation with regards to net metering. Because no net metering program exists in South Carolina, the state has the opportunity to learn from the experience of other states to avoid rulemaking pitfalls and adopt the best possible practices.

Net metering is an essential prerequisite for facilitating the expansion of renewable energy in South Carolina. Net-metered systems provide numerous benefits

including increasing system reliability. Reducing electricity demand, improving public health and the environment, and stimulating job and economic growth.

Part I: Lessons from New Jersey's Net Metering Program

Since 2004, New Jersey's incentives for small-scale renewable energy, especially its generous net metering program, have been widely considered the best in the country and our analysis of statewide net metering programs confirms that New Jersey's program is the most effective.^{1, 2}

Two simple metrics quickly confirm the success of New Jersey's approach: First, the number of customers participating in net metering after program implementation; and second, the cumulative potential capacity of renewable energy systems installed since program initiation. By both of these measures, New Jersey has instituted a comprehensive program that other states would be wise to emulate.

Early results indicate that New Jersey is experiencing a tremendous rate of growth in both customer participation and the cumulative capacity of installed renewable energy systems.³ In 2004, the first year under New Jersey's restructured net metering program, the number of net metering customers in the states increased from zero to more than 300.⁴ Since then, the number of solar systems in New Jersey has increased more than fivefold to 1840 consisting of 26 MW of installed capacity.⁵

1 Fox, Jeanne M. 2005. Net Metering in New Jersey. August 3, 2005. Accessed August 3, 2006 at http://www.energypulse.net/centers/article/article_display.cfm?a_id=1065.

2 Reilly, Mike. 2005. Making Energy While the Sun Shines – Jersey's Program a Model for the Nation. *The Star Ledger* August 22, 2005 p. 13.

3 While California has the highest raw numbers in either of these categories, New Jersey surpasses California in growth rate.

4 U.S. Dept. of Energy, Energy Information Agency. 2005/2006. Green Pricing and Net Metering Programs. http://www.eia.doe.gov/cneaf/solar.renewables/page/greenprice/greenpricing_netmetering04.pdf
<http://tonto.eia.doe.gov/FTP/ROOT/features/grnprcreport.pdf>

5 New Jersey's Clean Energy Program. 2006. Supported Solar Installations. October 2006. Accessed January 11, 2007 at <http://www.njcep.com/html/res-installed/solar-list.html>.

The rapid growth in customer participation can be traced to the process by which New Jersey restructured its program. By testing proposed changes against objective research and a clearly defined goal, New Jersey was able to craft net metering regulations that avoided the pitfalls bedeviling many other state programs.

New Jersey first adopted a net metering program in 1999. However, in 2004, New Jersey's Board of Public Utilities (BPU) ordered amendments which strengthened the program significantly.⁶ The strength of New Jersey's new program is due largely to how it originated as part of a comprehensive strategy, including generous rebates and tax incentives, to expand renewable energy statewide.

In 2003, New Jersey's Governor created a Renewable Energy Task Force charged with making recommendations on how the state could increase its consumption of renewable energy.⁷ The Task Force concluded that the state should double its requirements for renewable energy production by 2020, and recommended a statewide goal of producing 20% of its energy from renewable sources by 2020.⁸ Although the Task Force did not specifically recommend a new net metering law, the recommendations laid the foundation for significant amendments to the state's existing program.

The Board of Public Utilities (BPU) was charged with implementing the recommendations of the Governor's Task Force. Although the Task Force had recommended a substantial increase in renewable energy generation, particularly solar, it had not specified exactly how to accomplish the increase. The BPU's

6 DSIRE. New Jersey – Net Metering. Accessed August 3, 2006 at http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=NJ03R&state=NJ&CurrentPageID=1&RE=1&EE=1

7 Renewable Energy Task Force. 2003. The Renewable Energy Task Force Report. Submitted to Governor James M. McGreevey, April 24, 2003. Accessed August 3, 2006 at <http://www.state.nj.us/bpu/reports/RenEnergyTFR.pdf>. Page 2.

8 New Jersey Board of Public Utilities. 2003. McGreevey Receives Renewable Energy Task Force Report. Accessed August 3, 2006 at <http://www.state.nj.us/bpu/renewEnergy/renEnergy.shtml>.

President, Jeanne Fox, who had also served as Task Force's chairperson, felt that a strong net metering law was necessary to meet the Task Force's goal of 20% renewable production by 2020.⁹ Fox believed that it was necessary to enable customers to purchase and install larger systems than the state's previous net metering rules allowed for the state to meet its renewable energy production goals. At Fox's recommendation, the New Jersey legislature adopted a net metered system size limit of 2 MW.^{10, 11}

An Effective Approach to Net Metering

- ***Focus on the Goals Rather than Consensus***

Unlike many other states, New Jersey did not begin the process of amending its net metering regulations by trying to establish a consensus position with all stakeholders. A powerful Renewable Energy Task Force led by the President of the state's utility commission resulted in an approach to net metering law that kept as its focus the goal of allowing small-scale renewable energy to compete equally with conventional power. According to drafters of the legislation, New Jersey began the process of amending the state's net metering statute by trying to determine what would attract the distributed generation (DG) industry to the state. Drafters solicited the input of utility companies, but only adopted the recommended changes when they did not compromise the primary goal of expanding the state's DG market. Changes that would have impeded the development of statewide DG industry generally were overruled.

For example, New Jersey's statute allows only residential or "small commercial customers" to participate in the state's net metering program. So the precise definition of small commercial customers was critical to determining who would be

⁹ New Jersey Regulation Text. NJAC 14:4-9.1, 9.2, 9.3, 9.4 thru 9.11. Proposed Rule

December 01, 2003. Board of Public Utilities. BPU Docket Number EX 03100795. Accessed August 3, 2006 via Westlaw.

¹⁰ Ibid.

¹¹ The Commission should also note a recent increase in New Mexico's net metering rules. The New Mexico Public Regulation Commission unanimously approved an increase of eligible system capacity to 80 MW.

See: Webb, Andrew. 2007. Megawatts Can Flow to Grid. *Albuquerque Journal*. January 12, 2007. Posted on *Energy Central*. Accessed January 16, 2007 from: <http://www.energycentral.com/centers/news/daily/article.cfm?aid=7653482>

eligible. A narrow definition would exclude customer classes that could provide more generation for meeting the state's goal. A broader definition would allow more potential customers to participate. The bill's drafters reviewed the programs in other states and decided on a definition of "small commercial customer" as non-residential customers with less than 10 MW (10,000 kW) of peak demand – a definition that was supported by the solar industry. The utilities, however, strenuously objected to this definition, and proposed a much smaller limit of 150 kW.¹² Had this definition been adopted it would have greatly reduced the number of commercial customers eligible for New Jersey's net metering program and would have artificially excluded larger potential generators. In the end, New Jersey's drafters rejected the utility recommendations and adopted a final rule that allows systems up to 2 MW in size to qualify as small commercial customers.¹³

- ***Streamline the Application Process***

A hallmark of New Jersey's net metering program is its streamlined and transparent application process. New Jersey designed its application regulations both to overcome customer concerns about the complexity of the process and to minimize the extent to which utilities may delay applications. Prior to New Jersey amending its program, the U.S. Department of Energy indicated that customers who encountered delaying tactics by utilities during the application process were ultimately discouraged from participating in net metering.¹⁴ To address this issue, the drafters of New Jersey's statute proposed a rule requiring utilities to respond promptly to customer applications. If a utility does not approve or deny a standard

¹² Ibid, Comment #24

¹³ New Jersey Regulation Text. NJAC 14:4-9.1, 9.2, 9.3, 9.4 thru 9.11 Adopted Rule, September 15, 2004. Board of Public Utilities. BPU Docket Number EX 03100795 Accessed August 3, 2006 via Westlaw (Comments and responses #23 and #24).

¹⁴ U.S. Department of Energy – Energy Efficiency and Renewable Energy. Overcoming Net Metering and Interconnection Objections New Jersey MSR Partnership. Million Solar Roofs Case Study. Accessed August 3, 2006 at <http://www.nrel.gov/docs/fy05osti/38666.pdf>.

residential customer's application within 20 days of having received the application, the application is automatically approved.¹⁵

- ***Simplify Interconnection Standards***

Interconnection standards govern the manner in which customers can connect to the power grid. Effective net metering legislation is only possible if the interconnection standards enable customer-generators to connect to the grid with minimum difficulty. The New Jersey BPU understood the importance of interconnection standards to net metering and adopted model standards developed by the Interstate Renewable Energy Commission (IREC) and National Association of Regulatory Commissioners (NARUC).¹⁶ New Jersey's standards allow all DG technologies to interconnect, do not require the customer to purchase additional insurance and impose a minimal application fee (which is waived altogether in certain cases).¹⁷

- ***Reduce Unnecessary Safety Requirements***

When New Jersey was establishing its net metering law in 2004, drafters recognized that many utilities were using safety concerns to require customers to install external disconnect switches that could be accessed easily by utility company workers. New Jersey's lawmakers suspected that the external disconnect switch might be redundant with safety mechanisms inherent in all certified inverters and feared that the requirement was acting as a disincentive to customers who wanted to install renewable energy systems.¹⁸

15 New Jersey Administrative Code. Title 14. Board of Public Utilities. Chapter 4. Energy Competition. Subchapter 9. Net Metering and Interconnection Standards For Class 1 Renewable Energy Systems N.J.A.C. 14:4-9 (2006). (14:4-9.7 (o))

16 New Jersey Regulation Text. NJAC 14:4-9.1, 9.2, 9.3, 9.4 thru 9.11. Proposed Rule.

December 01, 2003. Board of Public Utilities. BPU Docket Number EX 03100795. Accessed August 3, 2006 via Westlaw.

17 Interstate Renewable Energy Council (IREC) "Connection to the Grid" Project. Interconnection Standards for Distributed Generation (Updated June 2006). Accessed August 10, 2006 at <http://www.irecusa.org/connect/state-by-state.pdf>

18 Information in this section is derived from: U.S. Department of Energy – Energy Efficiency and Renewable Energy. (September 2005). Overcoming Net Metering and Interconnection Objections New Jersey MSR Partnership. Million Solar Roofs Case Study. Accessed August 3, 2006 at <http://www.nrel.gov/docs/fy05osti/38666.pdf>.

With a grant from the nationwide Million Solar Roofs campaign, the New Jersey Public Utilities Commission contracted with Chris Cook, an expert in interconnection standards, to investigate the issue. Cook thoroughly researched external disconnect switches and found that the switches were rarely, if ever, used by utility company workers and that they did almost nothing to protect the workers anyway.

In fact, Cook found that the external switch requirement may even be harmful to workers both by giving them a false sense of security and by requiring them to traverse private property to access the switches. In addition, the added expense of external switches created an incentive for customers to connect unauthorized systems that present a much greater safety concern to workers. An entire underground movement of illegal interconnection has sprung up in some states as a result of such requirements.¹⁹

In the end, New Jersey's statute prohibited utilities from requiring unnecessary and expensive additional safety equipment. Pre-tested, off-the-shelf renewable units are certified as safe and the certification removes the necessity for additional equipment. By basing its statute on a thorough investigation of utility concerns, New Jersey helped pave the way for customer-friendly interconnection standards that better protect utility industry workers.^{20, 21}

- ***Provide High System Size Limits***

New Jersey allows renewable energy systems up to 2 MW to be eligible for net metering. A high system size limit allows non-residential customers, who have

¹⁹ See Home Power's guerilla solar archive. <http://www.homepower.com/magazine/guerrilla.cfm>

²⁰ U.S. Department of Energy – Energy Efficiency and Renewable Energy. Overcoming Net Metering and Interconnection Objections New Jersey MSR Partnership. Million Solar Roofs Case Study. Accessed August 3, 2006 at <http://www.nrel.gov/docs/fy05osti/38666.pdf>.

²¹ Cook, Christopher. Interconnected PV - The Utility Accessible External Disconnect Switch. Accessed June 29, 2006 at www.e3energy.com/Extdisc.doc

greater loads than most residencies, to participate in net metering and gives business owners an incentive to install systems capable of generating the entire on-site demand. In New Jersey, many businesses, churches, and schools have taken advantage of the 2 MW limit.²² Because these non-residential customers consume larger amounts of power, their DG systems have the added benefit of significantly reducing demand on the transmission grid while furthering New Jersey's goal of expanding statewide production of renewable energy to 20% by 2020.

- ***Permit Broad Customer Classes***

High system size limits alone are not sufficient to enable commercial classes to participate in net metering programs. As mentioned, New Jersey's statute provides an expansive definition of "small commercial customers". Without this explicit customer class, commercial customers may have been restricted and the high system size limit would be rendered largely irrelevant since most residential customer-generators would never approach 2MW of capacity. New Jersey's statute allowed no room for regulatory interpretations that would exclude larger customer-generators.

Customer Class: A Problem in Indiana

ITAMCO, a family-owned company with 75 employees in a 100,000-square-foot factory, "where precision work requires costly air conditioning," argued that on-site power generation would reduce operational costs and make the company more competitive.²³ David Neidig, marketing VP at ITAMCO, explained that the company's interest in participating in net metering is partly because it "is a great way for (ITAMCO) to be more competitive as an Indiana manufacturer, and at the same time be environmentally conscious, and be a good neighbor of the community."²⁴ ITMACO further argued that, because a 1.5 MW wind turbine would cost the company about \$1.5 million, net metering is "essential to (ITAMCO's) cost equations." In the end, the

²² New Jersey's Clean Energy Program. 2006. Supported Solar Installations. November 28, 2006. Accessed January, 17, 2007 from: <http://www.njcep.com/html/res-installed/solar-list.html>.

²³ DeAgonstino, Martin. Company looks to wind for savings; Bill benefits small-scale power generators. South Bend Tribune (Indiana), Monday Marshall Edition. Feb. 16, 2004. P. C1. Accessed via LexisNexis®.

²⁴ *ibid.*

Indiana Utility Regulatory Commission's final net metering rules limited eligible customer classes so that industrial customers like ITAMCO were unable to benefit from net metering.

- ***Allow Monthly Banking of Excess Generation***

Our analysis found that monthly banking of net excess generation is one of the most important factors in the effectiveness of any net metering program. For net metering customers, the grid acts like an energy bank; they deposit energy into the grid when their system produces more than they consume and withdraw energy when demand exceeds what their systems can supply. To be successful, a net metering program must facilitate banking so that customer-generators can receive credit for excess energy generated during the seasons when renewable output is highest and apply it toward their consumption when output is lower.

New Jersey's statute facilitates month-to-month banking in two ways. First, for the first 12 months of a customer's participation, the utility is required to credit customers for excess generation at the retail rate of electricity. This is important because the excess power contributed to the grid by net metered customers is sold to other consumers at the retail price. If not for monthly banking, regulated utilities would get to pocket the profits from renewable energy that they did not create. By passing those profits on to the generators of renewable energy, New Jersey's net metering program provides a strong incentive for customers to purchase systems large enough to produce an abundance of clean power. These larger systems, in turn, help reduce electricity demand and save utilities the added expense of firing additional plants that come online only during periods of peak demand.²⁵

- ***Do Not Limit Total Capacity***

Some states place a cap on the total amount of electricity that can be generated by all net metered systems (i.e. 0.1% of a utility's peak demand). This limits both

²⁵ These plants commonly use natural gas, which are notoriously susceptible to price volatility. A spike in natural gas prices will significantly add to this expense.

the number of customers who will participate as well as the total amount of electricity produced by renewable DG systems. Placing a cap on net metering enrollment is counter-productive, potentially impeding the growth of the very technologies net metering is designed to promote. New Jersey places no limit on net metering enrollment, which will help the state avoid California's trouble.

Capacity Caps in California: An Important Lesson

California's original law required utilities to provide net metering to customers until the total energy generated by net metering meets 0.5% of the utility's aggregate peak demand. The state adopted this cap as a concession to utility companies, and justified it "due to the unknown impacts of increased customer-owned generation on the grid, particularly after the maximum capacity size was increased from 10 KW to 1 MW".²⁶ By June 2006, the three major California utility companies (PG&E, SCE and SDG&E) were all close to reaching this cap. Some experts estimated the cap would have been met before the end of the year.

If the aggregate number of customers happened to reach the maximum enrollment, the utilities would have no longer had the responsibility to allow customers to net meter according to the California standards. At the time, many in the solar industry feared that there would have been a significant decrease in demand for PV systems.^{27 28}

In partial response to the enrollment cap conundrum, the state government passed SB1, the Million Solar Roofs Bill. This bill raised the enrollment cap to 2.5% of a utility's aggregate peak demand along with additional funding for solar programs.

South Carolina can learn from California's example: net metering success will cause the enrollment cap to become a barrier to new renewable energy generation. Many states, including New Jersey, Colorado, Minnesota and New Mexico, avoid this problem by not specifying a limit at all.

- ***Inclusive Definition of Eligible Technologies***

One of the greatest assets of New Jersey's net metering law is its inclusive definition of eligible technologies. Solar (photovoltaic) and wind power are the two most popular distributed generation technologies for residential use, and some net

26 California Public Utilities Commission Energy Division. 2005. Update on Determining the Costs and Benefits of California's Net Metering Program as Required by Assembly Bill 58. California Public Utilities Commission Energy Division

27 Krauss, Leah. 2005. California Nears Net Metering Cap. United Press International. Accessed June 29, 2006 at <http://seia.org/solarnews.php?id=113>

28 Pearson, Aria. 2006. It's Nearly Lights Out for PG&E's Solar Power Buybacks. Santa Cruz Sentinel. Accessed June 29, 2006 at <http://www.renewableenergyaccess.com/rea/news/story?id=45118>

metering policies include only those two technologies. New Jersey's program considers a diversity of renewable technologies: fuel cells, biomass, small hydro, landfill gas, tidal and wave energy. This broad definition of renewable energy helps spur the development of diverse renewable resources to fit a variety of electrical customers.

- ***New Jersey's Success***

In the first 9 months of 2006, New Jersey more than doubled its installed solar capacity – from 9.9 MW to 26 MW.^{29, 30} The Network for New Energy Choices (NNEC) congratulates New Jersey's Clean Energy Program for supporting the installation of more than 1840 solar systems by the close of the 3rd quarter in 2006 and we hope that a well-crafted program in South Carolina could mirror this success.

Part II: Unwarranted Utility Concerns

Most utilities perceive net metering programs as revenue-losers rather than demand-reduction strategies, and have lobbied at the state level for unnecessary restrictions, burdensome procedures and excessive fees that limit participation. In many states, the regulatory barriers established at the behest of utilities have effectively thwarted the original intentions of the net metering programs.

By claiming that net metering causes non-participating customers to subsidize net metered customers (an argument known as 'cross-subsidization'), many utilities justify limiting net metering in a crude attempt to spread the fixed costs of transmission and distribution equitably among ratepayers. To begin with, many utilities already 'unbundle' fixed costs by charging an initial connection fee and/or delineating separate transmission and distribution charges on a customer's bill.

29 RenewableEnergyAccess.com. 2006. Solar Capacity in New Jersey Doubled in 2006. November 15, 2006. Accessed from: <http://www.renewableenergyaccess.com/rea/news/story?id=46562>

30 From 2001 to 2005, New Jersey installed 9.9 MW of solar capacity. At the end of the first 9 months of 2006, NJ had 26 MW installed solar capacity. The Clean Energy Program expected an additional 5 MW of installed capacity in the 4th quarter of 2006.

Under these circumstances, the fixed “transmission, distribution and overhead” costs associated with managing the grid are not subsumed by the retail rate of electricity and thus the cross-subsidization argument is not a justification for denying net metered customers the full credit for the electricity they generate.

Compensation at less than the retail rate affects a worse cross-subsidy. Renewable energy systems (particularly the most popular systems – solar PV) often generate excess electricity during peak demand periods. Far from getting credit for excess electricity when it is “cheap” and applying the credit when electricity is “expensive”, in practice the opposite has been the case. By providing excess electricity to the grid during periods of peak demand, the net metered customer not only is helping the resource-constrained utility meet its demand, but is offsetting the most expensive type of electricity, that provided by pricey “peaking facilities” that come online only when base loads are exceeded. If the utility fails to compensate net metered customers for excess generation at the retail price of electricity, the utility essentially will be forcing net metered customers to subsidize grid reliability and efficiency for customers who have not invested in net metered systems. Without paying for any additional infrastructure investment (whose cost is spread among all ratepayers), the utility is simply commandeering the excess energy generated by net metered customers, selling it to non-net metered customers and pocketing the profit.

Some form of subsidy already occurs as a result of fixing transmission and distribution costs in the first place. Presumably, customers benefit from the transmission and distribution grid in ways not reflected by their electricity bill. It costs much more to transmit electricity to some areas than others. Customers who consume electricity close to where it is generated subsidize the transmission and distribution of electricity to customers who reside far from power plants. Retail prices do not reflect the unequal costs of transmission and distribution lines and load losses. Instead, all customers are charged as if they contributed equally to transmission and distribution expenses. Even today, transmission and distribution

system controllers must use brownouts and rolling blackouts rather than electricity price to manage demand in excess of capacity. These crude tools require some ratepayers to subsidize electrical reliability for others. And yet regulated utilities remain largely silent about these inherent inequities until the issue of net metering is raised.

Individual states that have been the most effective at promoting clean energy have treated net metering as a demand-reduction strategy that is part of a broad system of incentives to encourage the adoption of renewable energy technologies and increase the reliability of the transmission grid. Because renewable systems can produce the most electricity during hours of peak demand (solar photovoltaics, for instance, generate the most electricity in the afternoon, when demand on the grid is greatest), net metered customers generally consume electricity from the grid during off-peak hours. Therefore, net metering should be perceived as a benefit to regulated utilities by reducing peak demand at the times when the grid is most strained. Net metered customers are literally subsidizing the reliability of the electrical grid by offsetting infrastructure investments the utility would otherwise have to make.

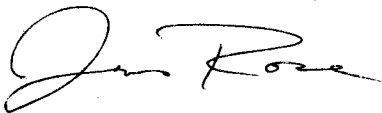
Whatever merit exists in the cross-subsidization argument stems entirely from the fact that utilities enjoy a monopoly on the transmission and distribution systems that all customer-generators are required to use in order to sell electricity to other consumers. Since this monopolization stems from policy made ostensibly to promote the public good, policymakers may surely change the policy in pursuit of even greater public good.

Since all South Carolinians benefit from the increased reliability, efficiency and cleanliness of distributed generation, the PSC may find that it is good public policy to require customers who choose not to decrease their electricity demand by investing in on-site generation to subsidize those that do.

An effective net metering program is vital to the promotion of renewable energy in South Carolina and markets for South Carolina's renewable energy service companies. Net metering encourages renewable energy growth, increased energy reliability, and reduces peak load demand. The state has much to gain from the creation of a net metering program that provides a vital economic incentive for customers to invest in renewable energy.

NNEC's *Freeing the Grid* report includes model net metering regulations crafted by former Vermont Public Service Commission Chair Michael Dworkin and the Institute for Energy & the Environment at Vermont Law School. These model regulations draw upon the experience of more than 40 states that have experimented with net metering over the past 20 years. We hope that they will be useful to the PSC in developing an effective net metering program for South Carolina's homeowners and small businesses.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Rose". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "Rose".

James Rose
Research Director
Network for New Energy Choices
215 Lexington Ave.
Suite 1001
New York, New York 10016
Tel: 212-991-1832
Fax: 212-726-9160
james@newenergychoices.org

Enclosure